



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FNB United Corp.

Person to be contacted regarding this report:	Carey Chapman
CPP Funds Received:	\$51,500,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	2/13/2009
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	1133473
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Asheboro
State:	North Carolina

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	While our overall demand for new lending has declined our participation in the CPP has allowed us to assist our developer and builder customers in the selling of their properties. We have created specific lending programs to assist these customers in the sale of lots, homes and condos/townhouses.
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<input checked="" type="checkbox"/>	<p>To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).</p>	<p>We have created 16 loan programs to assist our developers and home builders in the sale of residential lots, speculative home construction and new townhouses &amp; condominiums. Currently, we have financed over \$28mm of these properties (with another \$9mm in the pipeline).</p>
<input checked="" type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	<p>Initial usage of funds was through the investment securities portfolio whereby purchases were primarily in residential mortgage-backed securities.</p>
<input type="checkbox"/>	<p>Make other investments</p>	
<input type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	

<input checked="" type="checkbox"/>	Reduce borrowings	Initial usage of CPP was to repay FHLB advances. This was soon moved to the loan and investment portfolio as increased deposits provided additional liquidity.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

Our participation in the CPP has allowed us to avoid foreclosure for many of our residential mortgage customers and to keep those customers in their homes. CommunityOne Bank sells the majority of its residential mortgage loans to FNMA but retains the servicing. As the mortgage servicer, we are able to assist those customers facing financial hardships by utilizing the HAMP, FNMA and our own internal modification programs. To date, we have assisted 79 families (totaling greater than \$13mm) to avoid foreclosure through one of these modification programs. With over 5,000 residential mortgages currently serviced by CommunityOne Bank, we only have 13 in foreclosure at this time.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Our participation in the CPP has provided the capital to allow us to aggressively recognize impairments within our commercial real estate portfolio while remaining well-capitalized by all regulatory guidelines. This infusion of capital has allowed us to recognize the lowered valuations of commercial real estate currently occurring within our footprint and to still exceed all regulatory capital ratios.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.